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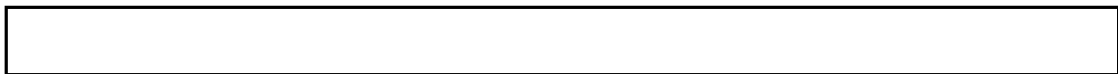
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Philippines: The student demonstrations could generate enough resistance to President Marcos' political ambitions to force him to abandon efforts to perpetuate himself in office.

The protests in Manila last week were sparked by Marcos' anticipated bid for a third term. It has generally been assumed that he will try to pack next year's constitutional convention in order to guide it toward abolishing a constitutional provision limiting the president to two terms in office.

Marcos was obviously stung by the degree to which the demonstrations were directed against him personally. He has attempted to obscure the fact that his political ambition was the target of the students by dismissing the violence outside the presidential palace as part of a Communist plot to take over the government. The students' opposition is shared by some powerful families in the oligarchy who see Marcos' ambitions as a threat to their own political fortunes and are themselves maneuvering to block him.

Ceremonies being planned in honor of the five students killed could erupt into further disturbances. Marcos probably will try for the time being to blur the issue of student protests by exaggerating the Communist involvement. He may, however, eventually be forced to still the outcry with firm public assurances that he will not try to prolong his tenure of office and with steps toward a meaningful reform program.

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South Vietnam: An upswing in Communist harassing attacks took place over the weekend.

Numerous, but generally not very intense, shellings were directed at allied military targets, mostly in the northern half of the country. The bombardments were coupled with occasional guerrilla and sapper attacks on bridges, roads, and remote outposts, as well as against US and South Vietnamese military positions. Aside from a brief mortaring of My Tho and an apparent renewed emphasis on terrorism in Saigon, no key urban centers have been struck. Low casualty and damage reports reflect the relative ineffectiveness of this latest spurt of enemy action, which most likely was designed as a covering action to allow many Communist first-line combat units more time to prepare themselves for battle.

Similar enemy activity is likely to erupt in other sectors of South Vietnam before 5 February, the start of the Communists' unilateral, four-day cease-fire. [redacted] intensified hostilities will also take place following the lunar New Year holiday period. [redacted]

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El Salvador - Honduras: The armed clashes last week have increased tensions along the border.

The latest incident occurred on Saturday when a prolonged firefight took place. Active patrolling along an undefined border rather than aggressive intentions appears to have caused the trouble.

Both governments have reacted calmly, and their bilateral talks that began last Monday in Costa Rica have not been broken off. The talks went into recess on Friday, however, and are not scheduled to resume until 23 February. Neither government is blowing the incidents out of proportion, but further clashes could generate press and public pressure on both sides for a tougher stance.

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South Korea: Opposition elements are regrouping following their failure to prevent President Pak from seeking a third term next year.

Twenty independent politicians recently joined the New Democratic Party, the country's only significant opposition party. The leader of the group, Yi Chol-sung, is dynamic, ambitious, and a prospective candidate to run against Pak.

In a rare display of unity, the New Democrats at their annual convention last week rallied behind party vice chairman and veteran politician Yu Chin-san to fill the leadership vacuum created by former chairman Yu Chin-o's serious illness. Having resolved their leadership problem, the New Democrats may now be prepared to return to the National Assembly. They walked out last summer in protest over the government's high-handed tactics in ramming the third term proposal through the Assembly.

The next hurdle facing the party is its nominating convention in June to select a presidential candidate. Because Pak is generally conceded to be unbeatable in 1971, the convention may be able to settle on a candidate with a minimum of conflict. But even if the New Democrats are able to maintain their unity until the election, their only possible chance to improve their position will be in the National Assembly where they hold 42 seats compared with the regime's 112.

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Korea: Pyongyang and Seoul continue to quibble over procedures for the return of the people aboard a South Korean airliner hijacked to the North last December.

Although the North Koreans insist that negotiations take place between private organizations to arrange a release, they now seem desirous of getting rid of those passengers who want to return to South Korea.

Seoul, anxious to avoid even tacit recognition of the regime in the North, has been demanding the unconditional return of the plane as well as all passengers and crew. This uncompromising position has now been modified. Seoul has informed the US Embassy that it will accept whatever passengers Pyongyang is willing to return and has authorized a representative of the South Korean Red Cross to sign a receipt but not to negotiate for the release.

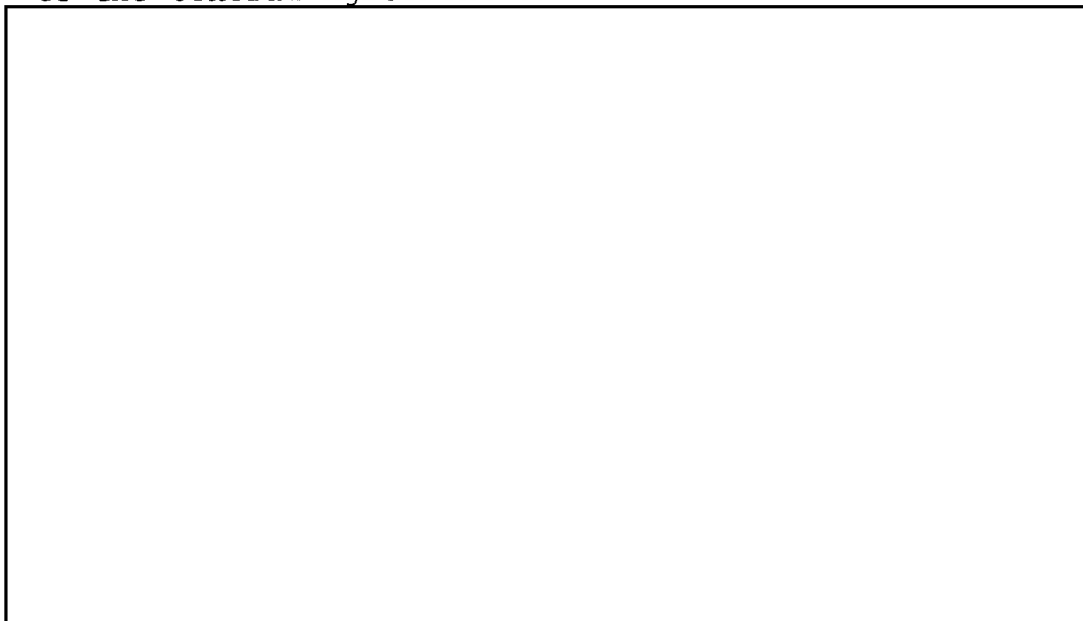
Seoul's new position will be presented to the North Koreans by the UN Command at the next secretaries' meeting of the Military Armistice Commission, scheduled for today. A similar arrangement brought the release of the American crew and most of the passengers of a South Korean airliner hijacked to North Korea in 1958.

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European Communities - Spain: Agreement was reached last week on all but a few minor details of a preferential trade arrangement between the European Communities (EC) and Spain. It is similar to EC preferential trade agreements that are coming under increasing criticism from other contracting parties to the General Agreement on Tariffs and Trade (GATT).



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East Germany - West Germany: The two sides have reached an impasse over West Berlin's inclusion in a postal and telecommunications agreement. During the third round of talks Bonn maintained that the agreement should include provisions concerning East German - West Berlin postal matters because the Federal Republic handles these affairs for the city. The East German negotiators rejected this argument and again emphasized Pankow's claim that West Berlin is an independent political entity. Another round of talks will probably be held.

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Bolivia: Rising tin prices and the government's discouragement of imports have at least temporarily offset the loss of export earnings resulting from the nationalization of the Bolivian Gulf Oil Company. Foreign exchange reserves, which had fallen to \$27 million in November, rose to \$33 million by the end of the year, about the level they were when General Ovando came to power last fall. A promising arrangement with the Spanish state oil company to operate former Gulf properties and to complete the gas pipeline to Argentina has been jeopardized, however, by press reports of that company's involvement with Gulf. Long-term economic improvement remains dependent upon a solution of oil and gas marketing problems. [REDACTED]

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Communist China - USSR: Low-level talks on a 1970 trade agreement began in Peking last month, according to a press report. These talks probably are a resumption of similar negotiations held in Moscow during the last half of 1969 that failed to produce an agreement. Although the two countries have not concluded a trade pact since 1967, the exchange of Soviet industrial goods for Chinese agricultural and consumer goods has continued. The signing of a new trade agreement probably would not significantly increase trade, which in 1969 remained below the \$100-million level. [REDACTED]

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Zambia: The recent reorganization of industrial ownership is primarily a bureaucratic change to manage the recently acquired copper companies. On 1 April 1970 the Industrial Development Corporation (INDECO), the agency for managing government participation in the economy, will become a subsidiary of a new Mining and Industrial Development Corporation, which will be chaired by President Kaunda. A second subsidiary, the Mining Development Corporation, will be created to manage the government's newly acquired 51-percent share of the nation's copper industry. Effective management of both subsidiaries will remain under the present chairman and managing director of INDECO.



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